



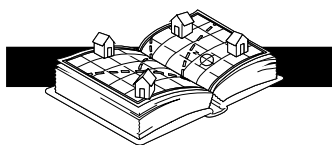
2003-05 OPERATING BUDGET INSTRUCTIONS, PART I
Guidelines for Strategic Plans and Performance Measures

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About the Instructions



The 2003-05 budget instructions are in two parts

The 2003-05 operating budget instructions will be issued in two parts.

Part I: Strategic planning and performance measure guidance

Part II: Operating budget request instructions
-targeted for release in mid-April

We hope that this approach better supports the budget preparation needs of agencies, the Legislature, and the Office of Financial Management (OFM) and that it will enable us to make better use of the planning and performance information we need in evaluating budget proposals.

What is in the Part I instructions?

Part I of the 2003-05 budget instructions includes:


- The current (September 2001) general economic and demographic context;
- Our state's managing-for-results framework, including strategic planning, balanced scorecard, performance measures, and how this framework serves as the foundation for performance budgeting;
- Strategic planning requirements;
- Performance measurement requirements; and
- Descriptions of how OFM will use this information in evaluating budget proposals.

Would anyone outside of the budget office find these instructions useful?

Yes. We recommend that program managers and agency executive management review these instructions so they can assist their budget staff in developing a compelling budget request that is anchored to the agency strategic plan and clearly supports the achievement of the agency's performance targets.

Look for the **NEW!** sign for new items.

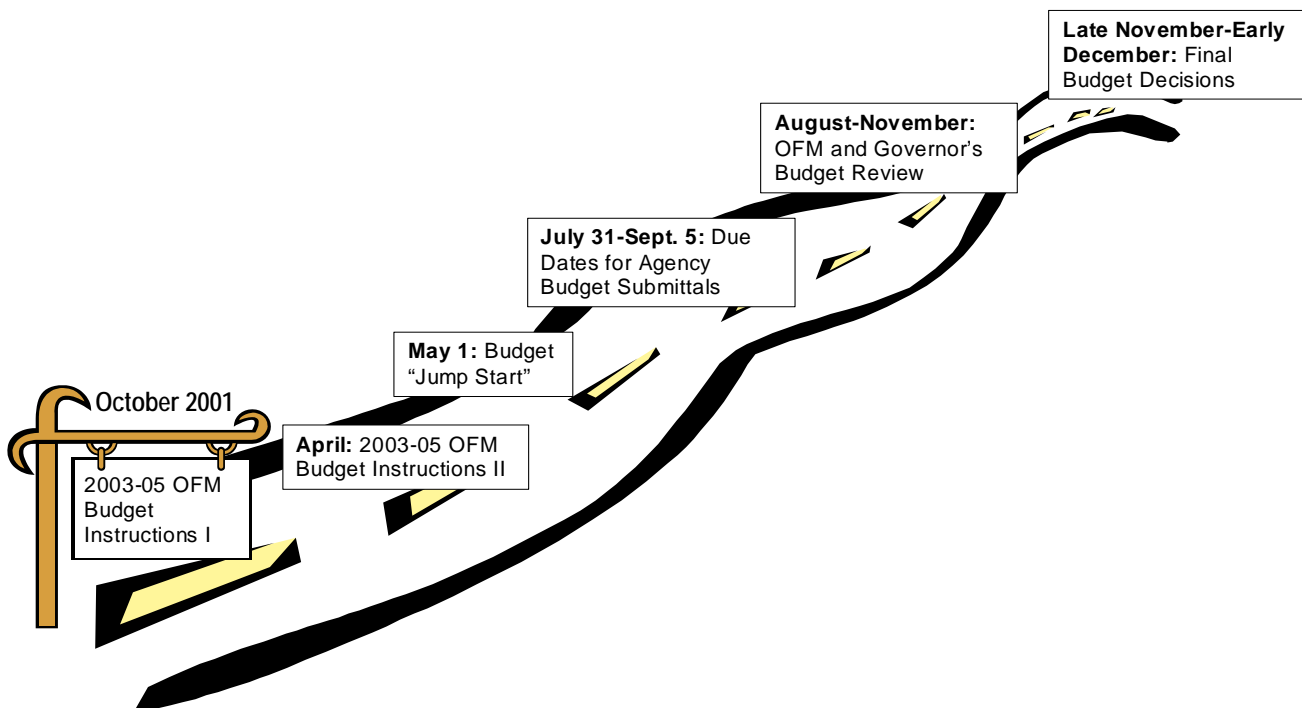
There are no new requirements in these instructions from last biennium. We have used this symbol to flag new information added to the 2003-05 instructions.

Look for the  sign to find items required for submittal

The Part I budget instructions intend to offer useful context information in addition to actual submittal requirements. Use this symbol to help you find budget submittal requirements quickly.

Timeline of major budget events in the current year

For general planning purposes, here is a timeline of the major budget events in preparation of the Governor's budget.





SECTION 1

The Fiscal Context for the 2003-05 Budget

This section offers our revenue and caseload trends information as of March 2002.

1.1 Forecasts and trends



The economy in 2003-05 is predicted to grow at a moderate pace, rebounding from the recession in the current biennium. However, rapid growth in health care costs and the dedication of revenues under Initiative 728 will make it difficult to balance the General Fund budget in the 2003-05 Biennium.

Due to a slowing economy and voter approved measures which lowered taxes and increased mandatory spending, the 2001-03 biennial budget adopted in June 2001 relied on more than \$600 million in reserves to balance resources and expenditures.

As a result of worsening economic conditions, including the effects of the September 11 terrorist attack, a national recession, and large layoffs in the state's aerospace industry, the General Fund (GF-S) 2001-03 Biennium revenue forecast declined by \$1.2 billion since the biennial budget was adopted in June 2001. Increasing caseloads in K-12 public schools, prisons, and medical assistance, together with increasing per capita medical assistance costs and other costs, added \$400 million in additional mandatory spending pressures. As a result, the Legislature was faced with a new \$1.5 billion gap as it deliberated over the 2001-03 supplemental budget.

In February 2002, the Economic and Revenue Forecast Council (ERFC) predicted that the state's economic downturn would continue through calendar year 2002, with a rebound expected in the first quarter of 2003. The ERFC predicts a modest rebound in the 2003-05 Biennium. Washington personal income is expected to grow at an annual rate of about 5.5 percent in the 2003-05 Biennium, about the same as the United States rate.

Excluding the effects of Initiatives 728 and 747 (which together reduce GF-S revenue by nearly \$900 million in the 2003-05 Biennium), underlying revenues are expected to grow about 5.4 percent per year, slightly below the average of the previous five biennia. After taking the initiatives into account, General Fund revenues are expected to grow at a much slower rate of 4.0 percent per year.

The 2001-03 supplemental budget passed by the Legislature and signed by the Governor addresses the \$1.5 billion gap with almost \$700 million in budget cuts, almost \$150 million in revenue enhancements and money transfers to the General Fund, one time use of \$450 million in tobacco securitization funds, and use of reserves. This budget closed the current gap between resources and expenditures and reduced the expected gap for the 2003-05 Biennium from \$3.4 billion to under \$1 billion.

How may population, caseload, and inflation trends affect the budget?

The latest forecast of the state population (November 2001) predicts general population growth rates of 1.1 percent for Fiscal Year 2004 and 1.1 percent for Fiscal Year 2005. Changes in the number of persons in selected age groups within the general population will place new demands on, and make new contributions to, our economy and government. Similarly, growth in certain caseloads can have a significant impact on the amount of General Fund-State revenues available for other uses. There are several examples where population or expenditure trends might affect the state budget:

- The K-12 school age population is forecast to grow at a slower rate than the rate of growth in the general population during the 2003-05 Biennium.
- The population of working age adults in their prime earning years and the elderly population will continue to grow over this period as well.
- The 85 and over age group will grow at a higher rate than the general population, about 4 percent per year for the next biennium. This will impact our long term care caseloads.
- The inmate population is forecasted to grow at a higher rate than the general population, about 2.4 percent per year for 2004 and 2005.
- Medical assistance caseloads are expected to grow at rates slightly higher than the general population growth rate. However, the cost per person on the caseload could increase 10 to 15 percent per year due to medical inflation and other factors. (This estimate is subject to change, so please continue to check for updated forecasts.)

You can find more detailed caseload, population, and revenue forecast information at these web sites:

<http://www.wa.gov/cfc/home.htm> and
<http://www.ofm.wa.gov/demographics.htm>

1.2 Initiative 601 and budget considerations



What are the specific requirements of I-601?

Initiative 601 was passed by the voters in November 1993 and placed limits on growth in state General Fund expenditures and on taxation and fees. There are several key provisions of I-601:

General Fund-State spending limit

- Establishes annual limits on General Fund-State expenditure growth based on a rolling three-year average of inflation and population growth ("fiscal growth factors"). Fiscal growth factors are based on the past. For example, the fiscal growth factor for Fiscal Year 2004 is based on average inflation and population growth for fiscal years 2000, 2001, and 2002. (It is important to remember that these fiscal growth factors apply to the state General Fund budget in total and not to individual programs or agency budgets.)

Limitations on fee increases

- Prohibits agency fee increases from exceeding the fiscal growth factor unless there is legislative approval.

Fund shifts that change the limit

- Requires that the spending limit be adjusted for fund shifts. For example, the spending limit is reduced when revenues or program costs are shifted from the General Fund to other funds and increased when non-General Fund revenues or program costs are shifted to the General Fund.

Re-basing

- Requires that when actual expenditures fall below the spending limit, future limits be based on the lower amount. This adjustment has been termed "re-basing."

Emergency Reserve Fund

- Establishes an Emergency Reserve Fund (a "rainy day account") consisting of revenues collected in excess of the spending limit. Expenditures out of the Emergency Reserve require a two-thirds majority vote in the Legislature.

Two-thirds majority vote for revenue increases

- Requires a two-thirds majority of both houses of the Legislature to increase revenues. (The Attorney General has interpreted this phrase to mean new or increased taxes.)

What are the budget implications of the I-601 formula?

Under I-601, General Fund-State spending limits are determined by growth in the number of people needing services (as represented by total population growth) and by changes in the cost of providing those services (as represented by general inflation). In fact, some populations or rates of inflation may grow (or decline) at rates different from the general population and inflation rates. Depending on the relative size of those portions of the budget, such differences in growth rates may put pressure on the total funding available under the I-601 spending limit.

What are the I-601 fiscal growth factors for this budget cycle?

The preliminary estimate of the fiscal growth factor is 3.3 percent per year in the 2003-05 Biennium. This is slightly lower than the forecasted combined population and general inflation rate of 3.4 percent because the fiscal growth factor is lagged. We are coming off a period of low general inflation and into a period of rapid acceleration in medical services inflation.

How do projected revenues compare with the spending limit for 2003-05?

The preliminary estimate of the spending limit for the 2003-05 Biennium is \$24.466 billion, based on the current spending limit for the 2001-03 Biennium. This compares with a revenue forecast of \$22.790 billion. However, the spending limit for 2003-05 will ultimately be re-based to actual expenditures for the 2001-03 Biennium, which are expected to be well below the original spending limit for the biennium. Nonetheless, revenues for the 2003-05 Biennium are still expected to be below the expenditure limit.

1.3 State debt limit considerations

How the state debt limit may affect the way you prepare your budget proposal

The state's capacity to borrow money for certain types of capital construction is affected by how much the state can spend on debt service for general obligation bonds. This debt limit depends both on the amount of General Fund-State revenue collected and the cost of borrowing. The existing ten-year capital plan is based on assumptions of moderate growth in state revenues and slight increases in interest rates.

For the 2003-05 Biennium, interest rates are expected to remain low, but the positive effects of low interest rates will be offset by slow revenue growth. General Fund revenues are expected to grow at a rate of about 5.4 percent annually in 2003-05, a slower rate than in six of the previous eight biennia. This scenario reduces the amount of borrowing that can be done. As a result, there may be less General Fund bond capacity for capital construction in the 2003-05 Biennium.



SECTION 2

How Planning and Performance Drive the Budget

This section describes the components of performance budgeting and the planning and performance elements that agencies need to submit to OFM.

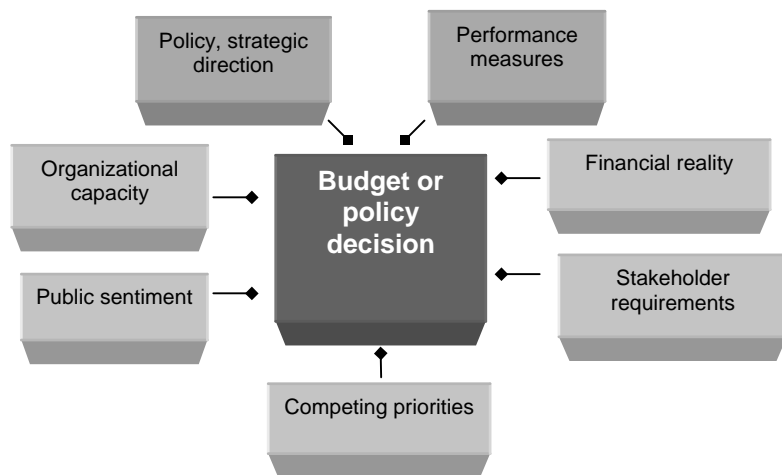
2.1 Performance budgeting



What is performance budgeting?

Performance budgeting is the act of considering and making choices about desired outcomes. Performance budgeting focuses on the results to be gained through investment decisions.

While we believe that we reach better budget decisions through the routine consideration of strategic planning elements and performance information, other important factors must be considered.



Why use performance budgeting?

The budget is one of the most important tools for implementing policy and achieving results. In order to leverage this tool as much as possible, we use performance budgeting:

- To ensure that financial decisions support ever-improving organizational performance by:
 - Targeting resources to the most important results and
 - Targeting resources to the most effective strategies.

- To make performance information readily available to those who make resource decisions.
- To communicate performance accomplishments associated with the agency's enacted budget.

While performance budgeting is required by state statute (RCW 43.88.090), its benefits are more fully appreciated if the agency uses planning and performance information to guide management decisions as well.

2.2 What is Washington's managing-for-results framework?



The managing-for-results framework

Over the past several years, agencies in Washington State government have been using a number of management tools to improve results. Some are based in statute (strategic plans) while others are the result of direction from the Governor (quality improvement, regulatory improvement, and performance agreements between the Governor and cabinet agency directors) or from agency senior management.

Washington State Managing-For-Results Framework

✓ = part of the balanced scorecard performance management system \$ = part of the performance budget

Set strategic direction

- ♦ Policy foundation (*statute, regulation*) and identified changes
- \$ Strategic planning (*establish and prioritize goals and strategies*)
- ✓\$ Performance measurement targets (*based on objectives contained in directors' performance agreements and strategic plans*)

Align resources

- ✓ Human resource planning and staff allocation
- ✓\$ Budget requests/allotments based on planning and performance
- ✓ Information technology portfolio management, planning, and deployment
- ✓ Establish work plans in support of strategic plan
- ✓\$ Establish capital program and facility maintenance plans in support of strategic plan

Implement and improve programs

- ✓ Program delivery
- ✓ Process improvement (*quality improvement teams, breakthrough strategy*)
- ✓ Regulatory improvement
- ✓\$ Collect and report data

Evaluate results

- ✓\$ Compare actual to estimated performance; performance evaluations/audits
- ✓\$ Diagnose and discuss problems and successes
- ✓\$ Use data and learning for the next planning cycle and ongoing management decisions

This managing-for-results framework is outlined above with the performance budgeting elements flagged. Some of the key components of the framework are discussed below. For more information, visit the Governor's Governing for Results web site, <http://www.governor.wa.gov/quality/quality.htm>.

The Governor's policy priorities

Governor Locke has set policy priorities "to make Washington a better place to live, work, and raise a family."

Education

Make Washington's schools the best in the nation, and create the opportunity for lifelong learning for people of all ages.

"We will make education the first priority in every budget we write."
(Governor Gary Locke, Inaugural Address, January 15, 1997)

Economic Vitality

Create an economic climate that will help Washington's families, communities, and businesses thrive in the high-tech, global economy of the 21st century.

The Environment

Promote the ethic of good stewardship, so that all citizens share responsibility for protecting our natural resources while preserving our economic vitality.

Public Safety and Health

Assure the health and safety of our communities, schools, neighborhoods, and people.

Restoring Trust in Government

Make state government credible and trustworthy in the eyes of residents through innovation, effectiveness, efficiency, and customer-service.

"What we now need are results--the kind of results that inspire public confidence and instill pride among our employees. We need to make sure this message penetrates every corner of state government, from senior managers to line staff in the field. And we need to make sure all our efforts are part of an overall strategic plan for our agencies and this administration." (Governor Gary Locke, Governor's Leadership Conference, June 3, 1999)

The strategic plan provides answers to key strategic and management questions

Whether called strategic planning, business planning, or something else, a successful agency needs to develop thorough answers to these critical questions:

1. Where do we want to be?

Vision statements, goals, objectives, and performance targets provide the answer.

2. Where are we today?

Mission statements, statutory references, measures of current performance, and assessments of the external environment, customers, partners, risks, and internal resources describe the current state.

3. How do we intend to close the gap between where we are and where we want to be?

Performance measure analysis, strategies, and the financial plan identify the gap and the preferred ways to close it.

Section 2.3 will provide more detail on the desired elements of a strategic plan.

Performance measures define success and make it possible to track progress

Performance measures describe how success in achieving the agency goals will be measured and tracked. Performance measure targets provide the quantifiable answer to the question, "How will we know when we've been successful in achieving our goal?" Analyzing the gaps between current performance levels and performance targets helps organizations identify priority areas needing improvement and develop strategies that will close the gap.

OFM will be conducting a "Budget Jump Start" exercise this spring that will include an analysis of performance progress to date. Refer to Section 2.3 for more information.

The balanced scorecard is used to focus action on key areas

The balanced scorecard takes elements from the agency strategic plan and organizes the information in a way that focuses attention on key areas and elements needed for successful strategic management. The scorecard becomes a kind of executive summary of the strategic plan, translating strategy into operational objectives that drive behavior and performance.

To learn more about building and using a balanced scorecard, see Appendix A-6 or go to the Governing for Results web site at <http://www.governor.wa.gov/quality/quality.htm>.

The Balanced Scorecard

	Objectives/ Goals	Measures	Targets	Initiatives
Value/Benefit - <i>To achieve our vision, what public benefits must we provide?</i>				
Financial/Social Cost - <i>While achieving our vision, how shall we minimize cost to the state and society?</i>				
Customer/Constituent - <i>To achieve our vision, how should we appear to our customers and the public?</i>				
Internal Process - <i>To satisfy our customers, in what business processes must we excel?</i>				
Learning and Growth - <i>To achieve our vision, how will we sustain our ability to change?</i>				

How does the managing-for-results framework support budget development?

The managing-for-results framework helps an agency to define and communicate its desired outcomes and to develop effective strategies to achieve them. The budget is one of the most important tools for implementing policy and achieving these results. In order for decision makers to make effective investment decisions, agencies should prepare budget proposals that are crafted to achieve the strategic goals they are trying to attain. In its review of agency budget requests, OFM will be looking for evidence that the agency understands, is acting on, and is communicating these linkages – that planning and performance do, indeed, drive the budget request.

2.3 Agencies need to submit a strategic plan



Submitting a strategic plan



As part of the budget submittal, agencies need to provide strategic plan information covering the next six-year period (Fiscal Years 2004 to 2009).

The goals and strategies proposed for the next two years (2003-05 Biennium) should be the basis for your agency's 2003-05 Biennium operating and capital budget requests.

What are the required components of the strategic plan?



While agencies may prepare more detailed plans for internal use, the strategic plans submitted to OFM must contain the elements listed below.

For examples of good strategic plans from Washington State agencies, please visit <http://www.ofm.wa.gov/budinst03-05/part1/docstrategy.pdf> (Department of Corrections) and <http://www.ofm.wa.gov/budinst03-05/part1/dorstrategy.pdf> (Department of Revenue).

A. Mission statement

An agency's mission statement describes its reason for existence in general terms that capture its unique purpose and functions. It typically describes who the organization is, what it does, why it does it, and for whom. Refer to Appendix A-3 for examples.

B. Listing of statutory authority references

The authority statement is a brief reference to the enabling legislation and statutes that authorize the establishment and operation of agency programs.

C. Goals

Goals are broad, high-level, issue-oriented statements of an organization's desired future direction or desired state. Goals elaborate on the organization's vision statement, articulating the overall expectations and intentions for the agency. They should fit well with the mission statement and values, and answer the question, "What do we need to achieve?" Refer to Appendix A-3 for examples. In your strategic plan submittal to OFM, please note any goals that link to established multi-agency plans, such as the Salmon Recovery Strategy.

D. Objectives

Objectives are measurable targets that describe specific results a service or program is expected to accomplish within a given time period. Refer to Appendix A-3 for examples.

E. Performance measures

Performance measures are quantitative indicators of how an agency's programs or services are contributing to the attainment of strategic plan elements. These include outcome, output, and efficiency measures. Agencies are asked to link performance measures to goals. Wherever possible, agencies should set fiscal year targets for performance measures based on comparisons. Refer to Section 2.5 and Appendices A-1, A-2, and A-5 for more information and examples. As mentioned above in the discussion of goals, please note any performance measures that link to established multi-agency plans, such as the Salmon Recovery Strategy.

F. Appraisal of external environment

It is important for budget decision makers to understand the environment in which the agency's programs must operate, and to assess the impact of forces in the outside environment that can affect the agency's ability to realize its mission, goals, and objectives. For example: How do potential changes in the economy affect clients or demand for the agency's services? Are populations the agency serves growing at rates significantly different than the I-601 growth rates? The agency should provide a clear, concise description of the effect that the external environment has on the agency and its programs. See Appendix A-4 for a more detailed list of suggested items to consider in this appraisal.

G. Trends in customer characteristics

The agency may be experiencing trends in customer characteristics that might indicate the need to modify services and/or service delivery methods. Is the client population growing? Are there better ways to reach and provide services to the client group? See Appendix A-4 for a more detailed list of suggested items to consider in this assessment.

H. Discussion of major partners

If applicable, agencies should describe key programs or initiatives involving major partners, such as other state agencies. The description should include a clear statement of each partner's responsibilities and trends affecting partners and relationships with partners.

We strongly encourage agencies to coordinate with these major partners and with OFM during the budget development process to share initiatives and plans.

I. Strategies

Strategies are statements of the methods for achieving goals. While goals and objectives state what the organization wants to achieve, strategies state how goals will be achieved. Refer to Appendix A-3 for examples. As mentioned above for goals and performance measures, please note any strategies that link to established multi-agency plans, such as the Salmon Recovery Strategy.

J. Financial plan assessment

The financial plan is a brief narrative description of how the agency's current funding matches its goals and how future funding needs will change based upon the strategic plan.

K. Business plans for certain proprietary funds

This business plan is required only of agencies with certain proprietary funds. Refer to section 2.4 for more information.

L. *Balanced scorecard*

If your agency has developed a balanced scorecard, please send us a copy prior to, or with, your budget submission. The scorecard provides a great summary of how the agency will operationalize the strategic plan.

Optional but desirable strategic plan elements

The following elements are an important part of the strategic planning process but are not required for the strategic plan submittal to OFM. Agencies will be asked to provide this type of information in support of budget decision package requests to help OFM analysts answer the questions listed in Section 3.1. (Decision packages are a component of agency budget requests and will be described in detail in the Part II budget instructions.) If an agency feels it would be relevant or compelling to include these optional items in the strategic plan submitted to OFM, we would welcome the information.

M. *Risks, obstacles, and opportunities that the agency faces*

The agency may want to include in its strategic plan a description of any risks created by the plan, the risks of not fulfilling the plan, or particular obstacles and opportunities that affect success.

N. *Internal resource assessment (e.g., staff, facilities, technology)*

Before making a budget request, we assume that an agency will have taken stock of its strengths and weaknesses as an organization, examining factors within the agency that can positively or negatively affect its ability to accomplish its mission, goals, and objectives. Areas to consider include, but are not limited to, the characteristics of its staff, technology, capital facilities, and supplier relationships. Agencies should review their current ten-year capital plan and highlight adjustments to that plan due to changes of the external environment, organizational changes, or changes in services delivery. For example, caseload predictions for 2005-07 may necessitate an earlier construction start for the associated new capital facility, reprioritization, delay, or abandonment of other projects. See Appendix A-4 for a more detailed list of suggested items to consider in this assessment.

**O. *Alternative strategies***

A discussion of alternative strategies considered but not chosen by the agency helps explain why the specific strategy was proposed in the budget.

P. *Evaluation methods*

If applicable, an agency might describe the evaluation method used to determine which strategy has the best likelihood for success.

Is a specific display required for the strategic plan?

No. We simply would like the strategic plan to contain the required elements identified above. We recognize that agencies may display these and other elements in different formats.

Do all years of the plan need to contain the same level of detail?

No. The purpose of the last four years in the six-year strategic planning period is to generate some broad discussion of future trends and expectations. Therefore, we expect the description of the last four years in the strategic plan to be more general than that for the 2003-05 Biennium. Detailed strategies for the last four years are not required.

When is the strategic plan information due to OFM?

May 1 - Submit information for the Budget Jump Start



In spring 2000, OFM initiated a "Budget Jump Start" process to facilitate the exchange of feedback and suggestions for the strategic plans and budget proposals to be submitted in late summer. OFM budget analysts found this process very helpful in their understanding of the agencies' strategic plans and budget submittals. Because of its usefulness, we are continuing with this process.

Please submit answers to the following questions by email or letter to your OFM budget analyst by May 1, 2002:

1. We would like to hear what you are learning so far from your strategic planning, performance evaluation, and quality improvement efforts. Please answer the following questions:

- ☐ Have your performance evaluation and strategic planning processes identified emerging issues, changing needs, or performance improvement opportunities for the next biennium?
- ☐ Have you identified any expected changes to your operational, capital facility, or technology strategies?
- ☐ Have you initiated quality or other improvement efforts aimed at the key issues and needs you have identified so far? What results have you realized to date?



2. Please review your most recent performance measure information (for example, results as of the end of the third quarter) and analyze any variances. Be sure to include the official performance measures reported to OFM and measures for items that received new funding based on performance improvement in the current biennium in your review. Please answer the following questions.

- ☐ If your actual performance is different than expected at this point, why?
- ☐ In those cases where performance targets were not met, what have you done to date to try to close performance gaps?
- ☐ How do your performance results compare to those of other comparable organizations, or to recognized industry standards? If your agency's performance differs from the top performers or the industry standard, what factors account for the difference in performance?



OFM will also be sharing information with agencies

As part of the Budget Jump Start, OFM will share information we gather about the emerging economic, demographic, and policy issues. We will also be sharing suggestions on how to strengthen agency strategic plans and budget requests. Our hope is that the Budget Jump Start will improve coordination and provide better, more useful information to you early in the budget development process.

Section 3.1 provides more information on how OFM intends to use the Budget Jump Start information.

July-September - Updated strategic plan is due with the rest of the budget



The full strategic plan is due with the rest of your budget proposal next summer. Our current schedule would require agency budget submittals between July and September. The Part II operating budget instructions will provide the specific budget submittal dates for each agency.

If your agency completes its strategic plan early, we would appreciate having two copies as soon as it is ready.

Where can I find guides to developing a strategic plan?

We have included more detailed guidance below about two components of the strategic plan: performance measures (Section 2.5) and proprietary fund business plans (Section 2.4).

You can find references and links to a number of strategic and business planning guides and resources in Appendix A-6.

If you have any questions about whether your agency's strategic plan will satisfy the budget submittal requirements, please discuss them with your OFM budget analyst.



2.4 More about business plans required for some proprietary funds



Agencies with certain proprietary funds must prepare business plans



A proprietary fund finances the services it provides through user charges or on a cost-reimbursement basis. Sometimes the standard budget submittal information OFM requests cannot provide a complete picture of the operation of a proprietary fund. In these cases, agencies should provide additional business plan information as part of the strategic plan. This additional information is only required for the agencies and funds listed below.

Business plan information is required for these funds	
Agency	Fund
Office of Administrative Hearings	484 Administrative Hearings Revolving Account
Attorney General	405 Legal Services Revolving Account
State Auditor's Office	413 Municipal Revolving Account
	483 Auditing Services Revolving Account
Department of Corrections	401 Correctional Industries Revolving Account
Office of Financial Management	419 Data Processing Revolving Account
Department of General Administration	422 General Administration Services Account
Health Care Authority 	418 Health Care Authority Administrative Account
	438 Uniform Dental Plan Benefits Administration Account
	439 Uniform Medical Plan Benefits Administration Account
Department of Information Services	419 Data Processing Revolving Account
Department of Labor and Industries	608 Accident Account
	609 Medical Aid Account
	610 Accident Reserve Account
Liquor Control Board	501 Liquor Revolving Account
Washington State Lottery Commission	577 State Lottery Account
	578 Lottery Administrative Account
Office of Minority and Women's Business Enterprises	453 Office of Minority & Women's Business Enterprises Account
Department of Personnel	415 Department of Personnel Service Account
	419 Data Processing Revolving Account
	455 Higher Education Personnel Service Account
Secretary of State	006 Archives and Records Management Account
Department of Transportation	410 Transportation Equipment Account
Public Printer 	420 Printing Plant Revolving Account

What additional information needs to be included in the strategic plan for these funds?

Operations Analysis (Narrative)

- A Facilities/Equipment/Capital Plan: The business plan should include both short-term (budget cycle) and long-term (six year) plans for facilities, equipment, and capital purchases.
- A discussion of key supply and material needs and assumptions.
- Profit or Capital Maintenance Expectations: Describe whether the agency plans to set rates to recover all costs, including depreciation--the capital maintenance expectations. Describe whether the agency is setting rates above a level necessary to recover all costs.

Operations Analysis (Financial Statements)

If applicable, present the following financial information about each segment of the operation.

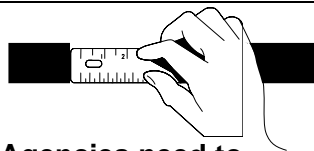
- Statement of Revenues and Expenses.
- Statement of Changes in Cash Position.

Performance Evaluation (Current versus Prior Periods)

Each agency should develop external benchmarks based on other governmental entities or the private sector for each of the following measures and include the benchmarks for the plan period and actuals for the 2001-03 Biennium in the business plan.

- Product Unit Costs: Include calculation methodology.
- Summary Level Trend Data: Operating revenues and expenses and profits/(losses) for the most recent ten-year time period (Fiscal Year 1992 - Fiscal Year 2001).
- Business Performance Ratios: Include such things as inventory turnover ratio, receivable turnover ratio, debt ratios, and other ratios used by similar entities. Significant variances in these ratios should be explained.
- Product/Service Rates (Prior, Current, Proposed): Show how rates are derived, including direct administration and indirect components. Explain reasons for rate changes.
- Program Accomplishments: Describe how the operation is meeting and anticipating customer needs. Discuss business solvency and the competitiveness of your pricing. Describe efficiencies achieved that serve the customer better.

2.5 More about performance measures



**Agencies need to
update performance
measure actuals in
PMTES**



Agencies should continue to report actuals for performance measures established for tracking during the 2001-03 Biennium in OFM's Performance Measure Tracking and Estimate System (PMTES). These measures relate to the current biennium budget and the results agencies have achieved with their 2001-03 appropriations.

Agencies must submit performance measures in support of strategic plan goals

As mentioned in Section 2.3, agencies should include performance measures in the strategic plan, generally measuring accomplishments in relation to each major strategic plan goal. Only a core set of useful and verifiable performance measures relating to agency goals should be submitted to OFM. Agencies may utilize performance measures to track accomplishment of more detailed objectives or operations for internal management purposes, but such performance measures need not be submitted to OFM.

What if we want to change our performance measures for 2003-05?

For various reasons, agencies may wish to make changes to the measures previously submitted. For instance, refinements may be necessary to better define the desired performance for a stable goal. An agency may also want to add new measures or stop tracking (after Fiscal Year 2003) certain measures traditionally reported to OFM. In other cases, the agency's goals and strategies or statutory environment may have changed since the 2001-03 budget submittal, prompting a need to modify the performance measures in some way.

OFM wants to encourage consistent trend data for previously agreed-to measures but will consider the necessity of certain changes. Agencies do need to consult with their OFM budget analyst if there are significant revisions to measures used for the 2001-03 budget. These discussions may also involve legislative staff, since we are trying to establish trend information for key performance measures most relevant to the budget.

Consult with OFM budget analysts on proposed performance measures

Please review your draft performance measure descriptions and targets for the 2003-05 Biennium with your OFM budget analyst prior to finalizing them. Analysts can help the agency better focus its measurement efforts, enhance the credibility of agency performance measures, anticipate reaction to refinement of performance measures used in prior biennia, and anticipate which measures will likely be selected by OFM for on-going tracking and public reporting during the 2003-05 Biennium.

What types of measures should be submitted?

OFM is primarily interested in three types of performance measures, with outcome measures being the most important type:

Outcome measures

Report the results of the service being provided. These measures are the most significant because they indicate the impact on the problem or issue the program was designed to achieve.

Examples:

- 4th grade reading test scores
- Percentage of the population treated who are now free of the target disease
- Number of jobs of a certain income level created by firms receiving assistance

Output measures

Indicate how much work has been completed.

Examples:

- Number of products completed or services delivered
- Caseloads or headcounts in such areas as entitlement programs, corrections, or education
- Number of maintenance projects completed

Efficiency measures

Show the relationship between inputs (dollars or FTEs) to output or outcome.

Examples:

- Program expenditures per actual export-related job created by client firms
- Cost per case completed
- Number of investigations completed per FTE

What are the approaches to setting performance targets?



Ideally, performance measure estimates, or targets, for each fiscal year of the 2003-05 Biennium should be set based on comparative data. The agency can set its targets based on:

- Comparison to its own past performance
- Comparison to an established industry standard
- Comparison to an articulated customer preference (usually established through a customer survey)
- Comparison to performance of other comparable organizations

When are performance measure revisions due to OFM?



Performance measure revisions are due with the rest of your budget proposal later next summer. The Part II instructions will provide the specific budget submittal dates for each agency and information on the format for budget information related to agency performance measures.

Where can I find guides to developing performance measures?

The appendix offers more information about different types of performance measures and refers to guides and resources for developing and using performance measures. Also refer to the OFM web site at <http://www.ofm.wa.gov/budget.htm>.

The PMTES system supports performance estimates for quarterly reports and for budget submittals

OFM has created an automated Performance Measure Tracking and Estimate System (PMTES), which allows agencies to report quarterly progress on performance measures, as well as to generate performance estimates for biennial budget submittals.

Please contact Art Overman, OFM Accounting Division, at (360) 725-5271 for security authorization, system access, and training information.

2.6 Strategic plans drive capital and technology planning

Strategic plans should address capital and technology needs

The strategic planning process should identify emerging issues related to agency capital and technology needs. Changes in caseloads, customer expectations, agency strategies, facility age, or digital government initiatives may create profound changes in an agency's facility and technology infrastructure requirements. Be sure that your strategic plan discusses the effects of your agency strategy on these needs.

The Capital Budget Instructions

The OFM capital budget instructions will be issued later this spring and will provide more information on budget submittal requirements and the expected links between the strategic plan and capital budget data.

**DIS Technology Portfolio
Management Instructions**

The Information Services Board (ISB) has adopted information technology (IT) portfolios as the planning and management process for IT resources. The portfolio management process integrates agency strategic planning, technology planning, and the budget process. For the 2003-05 budget process, agencies making budget requests for IT investments should do so in the context of their IT portfolios.

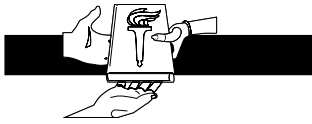
ISB policies regarding portfolio management are available at <http://www.wa.gov/dis/portfolio>. Agencies should contact their assigned DIS Senior Technology Management Consultant for assistance or additional information.



SECTION 3

How Will OFM Use This Information?

3.1 How will OFM use planning and performance information?



How will OFM use the Budget Jump Start information?

We hope the Budget Jump Start will help us:

- Preview budget or operational changes agencies might want to make next biennium to meet performance expectations. Do you anticipate modifications to strategies, performance measures, or performance targets next biennium?
- Learn what changes agencies are seeing in their external environment, or in budget drivers, like mandatory caseload or enrollment, and how those factors might affect their budget request.
- Assess how the agreed-upon strategies of the 2001-03 budget are succeeding. Are you achieving the performance you wanted? If not, why? What adjustments have you made to date?
- Take the opportunity to learn and to offer suggestions to agencies as they develop their budget proposals.
- Identify emerging issues that cut across multiple agencies.
- Help plan a statewide strategy for fiscal and policy priorities in the ensuing biennium.

Budget categories help OFM understand key factors

As part of analyzing budget proposals, OFM and legislative fiscal staff need to identify certain categories of expenditure changes from the current biennium level.

Carry-Forward Level - How much of the budget proposal is the biennialized cost of continuing the workload or services already authorized through legislative budget decisions? (OFM determines the carry-forward level and communicates the dollar amount to agencies as soon as possible after final adjustments for the 2002 supplemental budget.)

Maintenance Level - How much of the budget proposal is the cost of additional mandatory caseload, enrollment, inflation, and other legally unavoidable costs not contemplated in the current budget?

Policy and Performance Changes - What other expenditure change proposals are contained in the agency request budget?

How will OFM use plans and performance in analyzing carry-forward and maintenance levels?

The strategic plan should provide a clear picture of what the agency believes it needs to do to achieve its goals within identified constraints. It should tell the story upon which the financial plan is based. OFM analysts will compare the budget proposal with the strategic plan and try to answer the following questions:

- What is the agency required by statute to do?
- How will the agency know when it's been successful?
- What performance is the agency achieving with the current funding levels?
- What progress is the agency making toward its performance targets with its current budget? Do the current strategies appear to be effective?
- What changes in the external environment and customer characteristics are affecting the budget? Are caseloads and demands for services likely to change? Why?
- If the agency funding levels remained the same, would you be able to maintain or increase your performance?
- What is the performance impact of potential maintenance level funding reductions?

How will OFM use the strategic plan and performance measure information in analyzing policy and performance changes?

OFM will be looking to see if the strategic plan, the budget proposal description, and the proposed performance measures make the business case for any requested financial change. The information should help us answer the following questions:

- What changes in external environment, customer characteristics, internal capacity, or risks are driving this request? Has the agency clearly, explicitly, and with supporting data shown that a problem exists that needs solving?
- What policy decisions are driving the request?
- How does the proposal link to the strategic plan or other relevant policy direction?
- Does the budget proposal make sense in the context of the plan, the balanced scorecard, and performance measures?
- What is the priority of this proposed change compared to other proposed changes? What are the policy tradeoffs implied by this prioritization?

- How will this proposal affect other programs, agencies, and major partners? Have they been included in the development of this proposal?
- How does this proposal affect or relate to Governor's request legislation?
- What data can the agency supply to show that the proposed solution will be effective? Can it be tracked as a performance measure?
- Does the projected performance return for this proposed investment seem feasible? Does it seem compelling?
- How will this proposal enhance agency efficiency?
- Why this option and not others? What evaluation process led to this solution? Do you have outcome data to support your assessment? What else, besides requesting a funding change, has the agency done to address the perceived problem?
- If not funded, would you decide not to proceed or would you reprogram other resources?
- Why is this change presented as an incremental increase instead of a reprioritization within the base?
- Will your program choices require changes in your current facilities? What kind of changes? Over what period of time? How can these costs be minimized over this period?
- What is the performance impact of potential performance level funding reductions or program elimination?

3.2 Some benefits of using performance and planning in budgeting



Your budget proposals will be more understandable and persuasive

Of course, performance and planning information are not the only basis for budget decisions. Other important criteria, like the financial realities of revenue constraints or competing needs, must also be considered. In times of financial constraint, it is especially critical that proposals be clear, convincing, and grounded in the agency strategic plan.

The best budget proposals are persuasive not only at the agency level but within the broader statewide context that OFM and the Legislature must consider in making decisions. Proposals that can discuss the value and benefits of the outcomes they intend to deliver to the state will make a stronger case.

Reduces the need for follow-up information and rework.

We've learned that agencies often find the timing and scope of our requests for follow-up information on agency budget proposals to be a major source of frustration. Our hope is that by doing a better job of letting you know the type of information we need early on, we'll reduce the need for extensive follow-up information in the fall.

Section 3.1 lists many of the questions OFM analysts must ask and answer in the course of their budget reviews. Good planning and performance information should provide most of the answers to these questions.



Appendices

A-1 Tips for developing performance measures



Connect measures to plan

What is measured tends to get done. Key budget-related performance measures are most useful when they are connected to the agency's strategic plan elements (mission, statutory mandate, goals, and strategies) because they are most likely to create the results envisioned in the strategic plan.

Address major agency efforts

In most cases, performance measures reflect major processes that consume a significant portion of the agency's budget. Measures that represent smaller-scale but significant processes and activities of interest are likely to be part of specific decision packages.

Measurable - reliable, accurate, verifiable

It is often tempting to propose measures that are too broad or poorly defined to be measured. Performance measures should be as valid and reliable as possible, with some consideration to relative significance. For example, a process that affects the health and safety of children warrants performance measures with the highest degree of validity and reliability. A long-standing, routine process that does not affect health and safety might be measured through less precise methods.

Useful to decision makers

Performance measures are relevant to decision makers both inside and outside the agency. Agency managers, OFM, the Legislature, and the Governor are all unique customers. The best way to assess customer requirements is to ask what measures are relevant and credible, and in what form they should be expressed.

Relevant to the budget process, in terms of content, scale, and timing

- **Content** - Consider the interest of decision makers in determining the content of performance measures.
- **Scale** - Performance measures for most agencies should be expressed at a fairly high level, taking an agency-wide or major program view. Internally, the agency may collect and report data that represent a more detailed, smaller-scale view. These data may be relevant to day-to-day program management, quality improvement, and other purposes. In some cases, performance measures related to decision packages may be of a smaller scale.

- **Timing** - Actual data for performance measures should be collected and reported close to the point in time when products and services were actually generated. In some cases, a lag exists between the time products and services are generated, actual performance data are collected, and data are obtained by the agency. In other cases, recently obtained data from longitudinal studies are linked to products and services generated by program operations that took place several years ago. It is difficult to make timely management and budget decisions when data lags actual agency performance by a substantial period.

Understandable to public and experts

State the measure in simple, clear, brief terms. Avoid jargon and acronyms, if possible. Define terms in the body of the performance measure description.

Measures with appropriate agency accountability

Budget-related performance measures should be tied to activities and results that the agency can affect. Some high-level societal indicators explain the environment in which the agency works, but since the agency cannot reasonably influence them, they do not serve as good outcome measures. In such cases, the agency may want to look at intermediate measures that they can influence (e.g., turnaround time, customer satisfaction, or knowledge or behavior changes among the agency's clients).

Reasonable cost and effort

Choose the lowest-cost approach to measurement that will still yield information that is useful and credible.

Challenging, yet achievable, targets

Estimates of future performance should be realistic. If the agency is initiating a new measure, then conservative estimates can be based on a literature search or survey of other agencies with similar processes, customers, and other characteristics.

Reasonable number

Numerous performance measures are not always desirable, since they can be too detailed to an outside audience and blur the link to broader goals and strategies.

Based on stakeholder/customer input

Ideally, performance measures are designed in light of customer and stakeholder views of what is important and what types of measures and measurement approaches are credible.

A-2 Types of performance measures

Measure Type	What It Does	Examples	What It Is NOT
OUTCOME <ul style="list-style-type: none"> • Societal impact • Behavior changes • Knowledge or attitude changes • Technical quality • Customer satisfaction • Process vital signs (such as accuracy rates, turnaround time) 	<ul style="list-style-type: none"> • Shows the impact of agency activities on problems/issues they are designed to address • Answers the question, "What is different about the world?" • Measures goal/objective attainment 	<ul style="list-style-type: none"> • Overall employment rate • Employment rate for job-training participants • Percentage of employers rating job training program placements as "good" or "excellent" • Job training application processing time 	<ul style="list-style-type: none"> • <i>Backlog reduction</i> • <i>Outputs expressed as percentages</i> • <i>State funding received</i> • <i>Action steps</i> • <i>Work plan elements</i>
OUTPUT	<ul style="list-style-type: none"> • Shows the work accomplished • Identifies products and services produced • Answers the questions, "What was done?" and "How did we get there?" • Measures success of strategies 	<ul style="list-style-type: none"> • Number of vehicle licenses issued • Number of vaccinations given • Number of students attending school • Number of offenders housed in correctional facilities 	<ul style="list-style-type: none"> • <i>Demand for services</i> • <i>Potential work to be done</i> • <i>Projects or activities begun</i> • <i>Backlog</i> • <i>Spending patterns</i>
EFFICIENCY	<ul style="list-style-type: none"> • Shows relationship between inputs and outputs, or inputs and outcomes • Answers the question, "What are the unit costs?" • Usually expressed as a ratio, such as cost per unit, or units per FTE 	<ul style="list-style-type: none"> • Cost per training class delivered • Investigations completed per FTE • Average cost per offender per day supervised • Administrative cost per retirement benefit provided 	<ul style="list-style-type: none"> • <i>Total spending on programs or services</i> • <i>FTEs funded</i>

A-3 Examples of strategic planning elements

Mission Statements

- The Board of Tax Appeals resolves appeals of taxpayers and taxing authorities to maintain public confidence in the state tax system.
- It is the mission of the Attorney General's Office to provide professional, ethical, and independent legal services to the state of Washington and its citizens, promoting respect for and access to the justice system, ensuring the fair and open exercise of government, and advancing the public interest.

Goals

- All youth who have attended school-to-work transition schools achieve earnings and employee benefits that continue to grow.
- Increase the number of people with disabilities who enter the competitive labor market in appropriate jobs.

Strategies

- Provide child care subsidies for low-income parents who are working, looking for work, or preparing or training for work.
- Provide educational opportunities throughout the state by modern telecommunications and computer technology.

Objectives

- Increase the percentage of non-custodial parents paying child support to 85 percent by 2003.
- Ensure 90 percent of Washington State dairy operations maintain compliance and enforcement scores of 90 points or more on state inspection surveys during Fiscal Year 2002 and Fiscal Year 2003.

Note: Objectives and performance measures are highly related. Objective statements include a performance measure description, a target, and a date certain for attaining the target. Performance measures, by themselves, include neither a target nor a date certain.

Hypothetical Example: Hierarchy of Strategic Plan and Operational Planning Element Based on a Single Public Health Function

Strategic Plan Elements

Mission: The mission of the XYZ State Public Health Department is to improve the health of individuals, families, and communities through disease prevention, health promotion, and protection against environmental threats.

Goal: All children two years of age who should be immunized against preventable childhood illnesses receive a full course of immunizations.

Strategy: Ensure all low-income children are vaccinated.

Objective: 89 percent of children two years of age have received a full course of immunizations by Fiscal Year 2003.

Performance Measures:

- Statewide percentage of children two years of age who have received a full course of immunizations. (*Outcome*)
- Statewide number of vaccinations given to children two years of age. (*Output*)
- Average cost per vaccination given. (*Efficiency*)

Operational Work Plan and Action Steps (*For illustration only; these are not required to be reported to OFM.*)

Action Steps for Day Care Center Vaccination Project	Responsible Party	Completion Date
Consultation with partners and stakeholders		
Secure contracts for low-cost vaccine		
Develop invitation letter to parents of two-year-olds		
Identify targeted day care centers		
Contact day care operators; secure permission to offer on-site vaccination clinic		
Obtain informed consent forms		
Schedule provider teams		
Distribute invitation letters		
Deliver vaccine to on-site day care vaccination clinics		
Monitor participation rates		
Problem solving		

A-4 Suggested topics to include in selected strategic planning elements

Ideally, the agency strategic plan is created through a data-informed process that begins with a scan of the internal and external environment. The product of this assessment is an inventory of internal strengths and weaknesses, and external threats and opportunities (also known as a SWOT analysis). From this analysis, the agency can identify the critical issues, risks, obstacles, and opportunities that must be addressed through strategies implemented during the period covered by the strategic plan.

Listed below are possible topics the agency can address in its appraisal of the external environment, analysis of trends in customer characteristics, and assessment of internal resources. This is by no means an exhaustive list; rather, it is supplied for agencies to use as a point of departure, adding or omitting items depending on what is relevant to them. When examining a topic, consider the current state, trends from the recent past, likely future trends, and the trend's impact on the agency and its ability to realize its mission, goals, and objectives.

Appraisal of external environment

The Economy

- National economy
- Washington economy
- Regional economies

Population Trends

- Key trends and forecasts by relevant cohort, by geographic area
- Assumptions and caveats
- Social trends

Assessment of the Market or Industry

- Industry cycles
- Competition – alternative sources for similar products or services
- Key trends

Generic Service Delivery Issues

- Technology trends
- Infrastructure trends
- Media trends – print and broadcast

Authorizing Environment

- Federal, state, and local government
- Trends and outlook for key issues such as access, possible changes in laws and regulations, cost escalation, funding and reimbursement patterns, taxation, debt
- Executive and legislative branch actions and trends
- Judicial decisions and trends
- Public opinion
- Authorizing environment expectations of the agency
- Agency trends in meeting those expectations

Stakeholder Trends

- Key issues and considerations
- Stakeholder expectations of the agency

Data Sources: A Starting Point

- Office of the Economic and Revenue Forecast Council quarterly economic and revenue forecasts, which can be accessed at <http://www.wa.gov/ofc/home.htm#Revenue%20Forecast%20Press%20Releases>.
- Office of Financial Management population, demographic, economic, and other trend data, with links to other entities with related data, which can be accessed at <http://www.ofm.wa.gov/demographics.htm>
- Office of the Caseload Forecast Council's forecast and trend data for K-12 enrollment, social service caseload, and prison populations, accessible at <http://www.wa.gov/cfc/home.htm>

Trends in customer characteristics

Customer Profile

- Customer segments, numbers, geographic location, and key characteristics
- Key trends affecting customer needs and preferences, and their ability or willingness to participate in agency programs
- Customer expectations of the agency
- Agency trends in meeting customer expectations
- Implications for service delivery

**Internal resource
assessment (e.g., staff,
facilities, technology)**

Agency Service Delivery System

- Quality of service
- Key factors affecting service delivery
- Geographic location
- Characteristics and performance of internal processes
- Costs, level of effort necessary to maintain existing service delivery mechanisms

Human Resources

- Staff size, composition, experience, training, morale
- Recruitment and retention trends
- Managerial style and competencies
- Trends in staff availability, skills, and knowledge
- Trends in contractor availability, skills, and knowledge
- Physical safety
- Implications for service delivery

Information Technology

- Characteristics and performance of information technology
- Implications for service delivery

Capital Facilities

- Characteristics, quality, functionality, and adequacy of capital facilities; implications for service delivery
- Usage trends
- Maintenance trends
- Implications of service delivery changes on capital facilities needs and adequacy

Supplier Trends

- Key issues and considerations
- Implications for service delivery

Agency Organizational Characteristics

- Impact of agency organizational structure
- Significant historical events
- Trends in agency communication
- Trends in agency culture and morale
- Trends in “synergy,” or how well different parts of the agency work together
- Implications for service delivery

A-5 The value chain

The value chain (Figure 1) is a cause-and-effect model that shows posited linkages between budgets, through agency processes and products, to intermediate and high-level outcomes. Agencies may find it useful for:

Choosing new or improved performance measures by:

- Identifying the outcomes resulting from a given agency activity or output
- Identifying performance measures for support functions (where the agency is not the primary party responsible for a high-level outcome)

Using performance in new ways, including:

- On-going management decisions and performance-shortfall diagnosis based on intermediate outcomes, which often show variation in the near-term
- Program design elements that are necessary for successful performance of a new or redesigned activity or process

This example from the Washington State Department of Corrections shows how the value chain links the activity of offender assessment and planning to the high-level outcome of recidivism (Figure 2).

Figure 1: **Performance Measure Relationship Diagram**

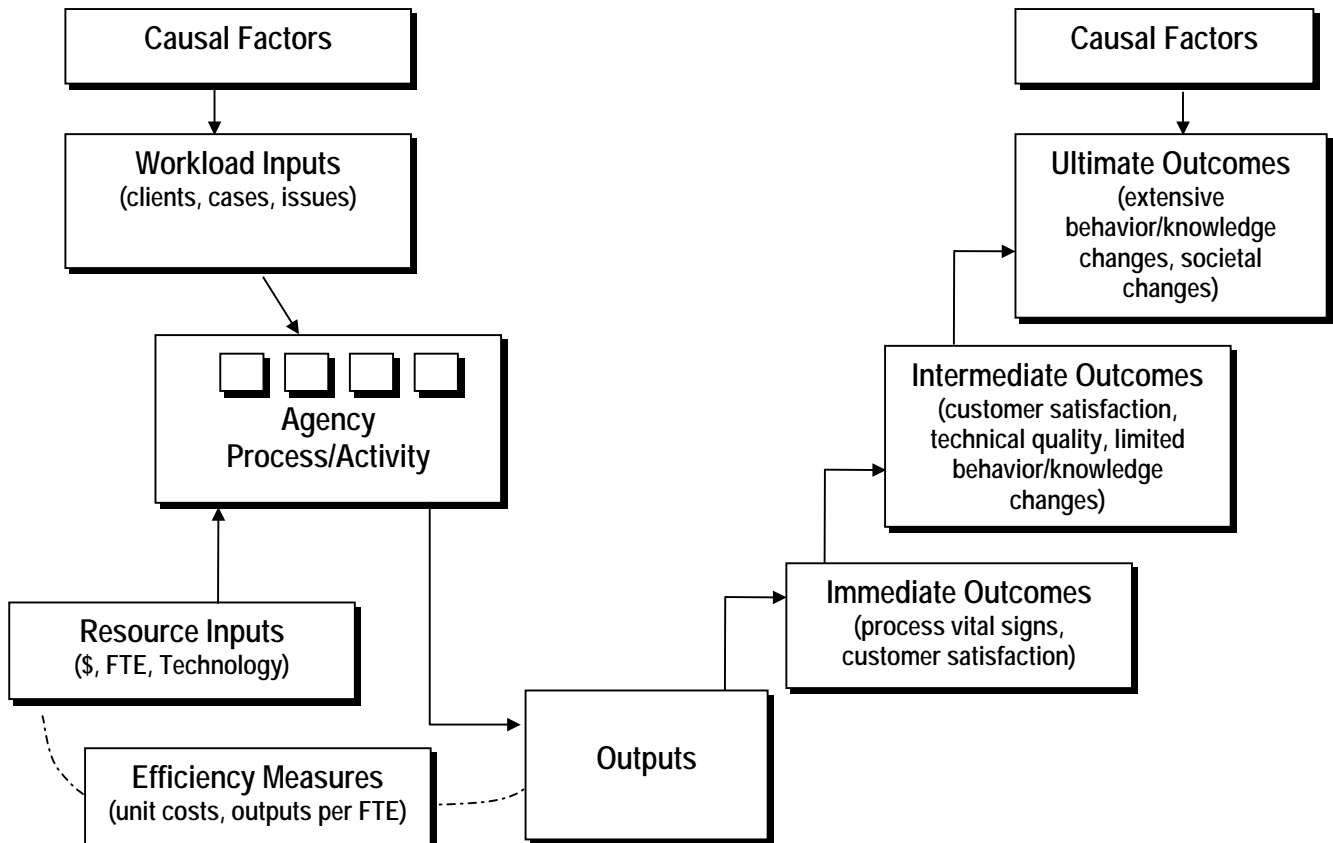
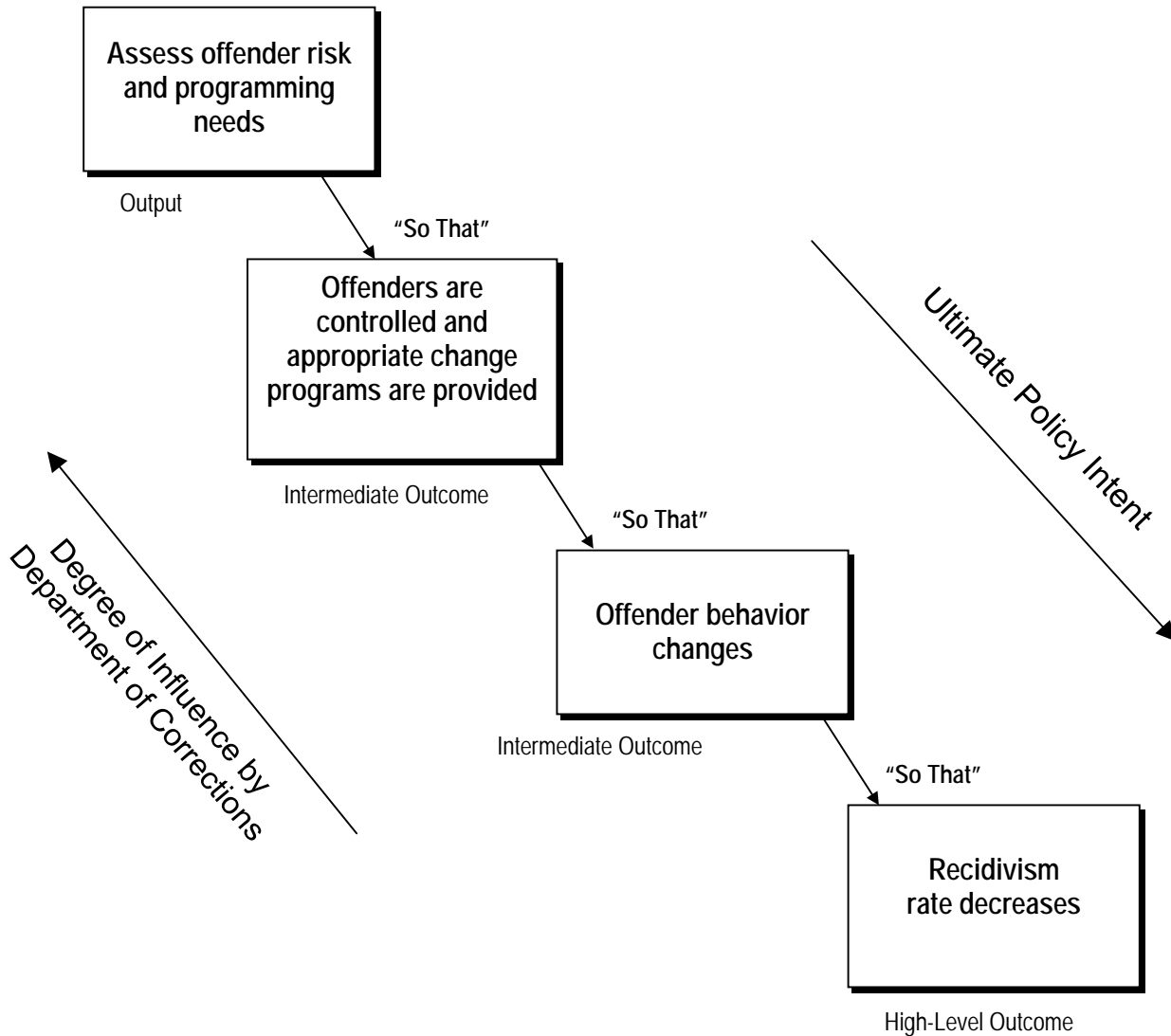


Figure 2: **Department of Corrections Value Chain**

A-6 Guides and resources

Performance Measure Guides

Balancing Measures: Best Practices in Performance Management, U.S. National Partnership for Reinventing Government, August 1999

<http://govinfo.library.unt.edu/npr/library/papers/bkgrd/balmeasure.html>

Budgeting for Results Handbook, State of Iowa, 1997-98. Contains step-by-step directions for developing program-level performance measures, and shows linkages to statewide and agency strategic planning. http://www.state.ia.us/government/dom/bfr_book.pdf

Comparative Performance Measurement, by Elaine Morley, et al. Washington, D.C.: The Urban Institute Press. 2001.

Customer Surveys for Agency Managers: What Managers Need to Know, by Harry P. Hatry, et al. Washington, D.C.: The Urban Institute Press. 1998.

Designing Customer Surveys that Work, by Dick Zimmerman, et al., published in *Quality Digest*, October 1996. <http://www.qualitydigest.com/oct96/surveys.html>

Executive Guide: Measuring Performance and Demonstrating Results of Information Technology Investments, U.S. General Accounting Office, GAO/AIMD-98-89, March 1998.

Handbook of Practical Program Evaluation, by Joseph S. Wholey, et.al. San Francisco: Jossey-Bass Publishers. 1994.

Implementing Performance Measurement in Government: Illustrations and Resources, by Joni L. Leithe. Chicago, IL: Government Finance Officers Association. 1997.

Instituting Performance and Outcome Measures, by Public Knowledge, Inc., for the Washington State Department of Personnel (DOP). This manual is used in a DOP-sponsored training class of the same name.

Make Success Measurable!, by Douglas K. Smith. New York: John Wiley and Sons. 1999.

Managing for Results: Analytic Challenges in Measuring Performance, U.S. General Accounting Office, GAO/HEHS/GGD-97-138, May 1997.

Managing for Results: Challenges Agencies Face in Producing Credible Performance Information, U.S. General Accounting Office, GAO/GGD-00-52, February 4, 2000. <http://www.gao.gov/archive/2000/gg00052.pdf>

Managing for Results: Measuring Program Results That Are Under Limited Federal Control, U.S. General Accounting Office, GAO/GGD-99-16, December 1998.

Managing for Results: Views on Ensuring the Usefulness of Agency Performance Information to Congress, U.S. General Accounting Office, GAO/GGD-00-35, January 26, 2000.

Measurement Development Guide, South Carolina State Government Quality Network Association. <http://www.scsgin.org/Measurement%20Development%20Guide.PDF>

Measuring Performance: Strengths and Limitations of Research Indicators, U.S. General Accounting Office, GAO/RCED-97-91, March 1997.

Measuring Up: Governing's Guide to Performance Measurement for Geniuses (and Other Public Managers), by Jonathan Walters. Washington, D.C.: Governing Books. 1998.

Performance Measurement: Getting Results, by Harry Hatry. Washington, D.C: Urban Institute Press. 1999.

Program Evaluation: Agencies Challenged by New Demand for Information on Program Results, U.S. General Accounting Office, GAO/GGD-98-53, April 1998.

Utilization-Focused Evaluation, by Michael Quinn Patton. Beverly Hills, CA: Sage Publications. 1986.

Performance Measure Resources

Agency Performance Progress Reports, 2001-03 Biennium data, Washington State Office of Financial Management, will first be published on the OFM Budget Division web site by November 2001, at www.ofm.wa.gov/budget.htm. Scroll down to Performance Measures and Activities by Agency, then select the 2001-03 Performance Progress Report. Prior biennium data can be found at www.ofm.wa.gov/perfrept/9901/index.htm (1999-01 Biennium) and <http://www.ofm.wa.gov/perfrept/9799/index.htm> (1997-99 Biennium).

The Florida Office of Program Policy Analysis and Government Accountability (OPPAGA) web site features reports that assess the performance of selected state agency programs operating under the state's performance-based program budgeting using their performance measures and standards. Reports include critiques of performance measures and measurement systems.

<http://www.oppaga.state.fl.us/budget/pb2publications.html>

The state of Illinois *Public Accountability Reports* for Fiscal Years 1999 and 2000 provide performance results for state agencies. <http://www.ioc.state.il.us/office/Project/download.cfm>

The state of Iowa publishes high-level outcome data for six policy areas (economy, education, health, safe communities, environment, and accountable government) on its *Results Iowa* web site. <http://www.resultsiowa.org/>

State of Minnesota *Minnesota Milestones* reports 70 indicators to track progress toward attaining goals for Minnesota's people, economy, environment, communities, and government. <http://www.mnplan.state.mn.us/cgi-bin/byteserver.pl/pdf/mm98-3.pdf>

The state of Missouri *Show Me Results* web site reports selected performance measures related to the economy, education, health, safety, and responsible government. http://www.mri.state.mo.us/smr/mo_smr_title.htm

Oregon Progress Board web site contains performance reports on the Oregon Benchmarks, as well as the *Oregon Shines II* statewide strategic plan. <http://www.econ.state.or.us/OPB/index.htm>

The state of Texas Legislative Budget Board web site includes appropriations bills containing agency performance measures linked to appropriation levels. http://www.lbb.state.tx.us/The_LBB/Menu.htm#Pubs

The commonwealth of Virginia *Virginia Results* web site publishes performance measures for state agencies. <http://www.dpb.state.va.us/VAResults/AgencyData/LookList.cfm>

Strategic Planning Guides and Resources

Guide for State Agency Strategic Planning, State of Iowa, Department of Management, 1999. http://www.state.ia.us/government/dom/agency_strategic_plan99.pdf

Managing for Results: Critical Issues for Improving Federal Agencies' Strategic Plans, U.S. General Accounting Office, GAO/GGD-97-180, September 1997

Serving the American Public: Best Practices in Customer-Driven Strategic Planning -- A Federal Benchmarking Consortium Study Report, National Performance Review, February 1997 <http://govinfo.library.unt.edu/npr/library/papers/benchmrk/customer.html>

Strategic Business Planning: A Guide for Executive Branch Agencies, State of Connecticut, Department of Planning and Management, 1998. The guide offers a high-level overview of the planning process, a detailed description of the essential elements of a strategic business plan, and a glossary and bibliography on the subject. <http://www.opm.state.ct.us/mgmt/busguide/busplan.htm>

Commonwealth of Virginia Department of Planning and Budget "Performance and Planning" web site, <http://www.dpb.state.va.us/VAResults/HomePage/PMMaterials.html>. Includes a guide for strategic planning and performance measurement, and a library of presentations on performance measurement.

Examples of good strategic plans from two Washington State agencies: Department of Corrections, <http://www.ofm.wa.gov/budinst03-05/part1/docstrategy.pdf>; and Department of Revenue, <http://www.ofm.wa.gov/budinst03-05/part1/dorstrategy.pdf>.

Performance Budgeting Resources

Performance Budgeting, Washington State Office of Financial Management PowerPoint slide presentation, www.ofm.wa.gov/pergovinfo/perfmeasures.ppt

Performance Budgeting: Initial Agency Experiences Provide a Foundation to Assess Future Directions, U.S. General Accounting Office, GAO/T-AIMD-GGD-99-216, 7/1/99.

Performance Budgeting: Initial Experiences Under the Results Act in Linking Plans with Budgets, U.S. General Accounting Office, GAO/AIMD-GGD-99-67, 4/12/99.

Performance Management Resources

The Balanced Scorecard, by Robert S. Kaplan and David P. Norton. Boston: Harvard Business School Press. 1996

The Breakthrough Strategy: Using Short-term Successes to Build the High-Performance Organization, by Robert H. Schaffer. Cambridge, MA: Ballinger Publishing. 1988

Creating High-Performance Government Organizations, Mark G. Popovich, Editor. San Francisco: Jossey-Bass Publishers. 1998

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